

Message Text

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70

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 H-02 L-03 PA-01 PRS-01 SEC-01 JUSE-00 /086 W

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R 211930Z JUL 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 7460

INFO AMEMBASSY TEGUCIGALPA

AMEMBASSY SAN SALVADOR

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY PANAMA

LIMITED OFFICIAL USE GUATEMALA 3792

E.O. 11652: N/A

TAGS: PINT, EINV, GT

SUBJECT: WSJ STORY ON DEL MONTE - PRESS COVERAGE

REF: GUATEMALA 3738

1. SUMMARY: OPPOSITION PARTIES HAVE MADE MUCH NOISE BUT LITTLE PROGRESS ON DEL MONTE CASE. THERE HAS BEEN NO OFFICIAL REACTION TO DEL MONTE'S CABLE TO MINISTER OF ECONOMY PALOMO (REFTEL), BUT ATTORNEY GENEREAL'S INVESTIGATION CONTINUES. SEVERAL EDITORIALS HAVE GIVEN CASE "BUSINESS AS USUAL" TREATMENT. THERE HAS BEEN NO PUBLICITY OR PUBLIC REACTION TO USG RESPONSE GIVEN PRIVATELY TO FONMIN.

2. OPPOSITION PARTIES HAVE DONE THEIR BEST TO EXPLOIT DEL MONTE CASE. CHRISTIAN DEMOCRATS SOUGHT JULY 16 TO AMEND PID RESOLUTION (GUATEMALA 3685) TO PROVIDE FOR SPECIAL LIMITED OFFICIAL USE

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CONGRESSIONAL INVESTIGATING COMMITTEE, BUT OLD PID-MLN

ALLIANCE CAME TOGETHER AGAIN TO DEFEAT DCG AND PR.
CHRISTIAN DEMOS TRIED AGAIN JULY 17, BUT PRESIDENT OF
CONGRESS ALVAREX RULED MOTION

OUT OF ORDER. ALVAREZ'
ACTION SUPPORTED BY MLN.

3. DCG CONGRESSMAN ROBERTO CARPIO NICOLLE STATED
JULY 17 THAT BOTH ORIGINAL UFCO-GOG BANANA CONTRACTS
AND UFCO-DEL MONTE SALE WERE INVALID AND SHOULD BE SO
DECLARED BY CONGRESS. CARIIO'S POSITION HAS SO FAR
RECEIVED NO PUBLIC OR EDITORIAL SUPPORT.

4. DCG THREATENED TO "NAME NAMES" AT A JULY 18 PRESS
CONFERENCE. WHEN PRESS ASSEMBLED TO HEAR REVELATIONS,
DCG SPOKESMAN VINICIO CEREZO DECLINED TO MAKE THEM,
EXPLAINING THAT OFFICIAL INVESTIGATION WAS IN A
DELICATE STATE AND NO REVELATION COULD BE MADE UNTIL
FOLLOWING WEEK.

5. PR'S POSITION HAS BEEN MORE AMBIGUOUS. PARTY
ANNOUNCED OVER WEEKEND THAT IT SUPPORTED LAUGERUD'S
INVESTIGATIVE EFFORTS "IN PRINCIPLE", BUT RESERVED
TIGHT TO INTERPELLATE PUBLIC OFFICIALS. PR PRESS
RELEASE PROMISED THAT FINANCE COMMITTEE (HEADED BY
PR SEC GEN JORGE GARCIA
-GANADOS) WOULD BEGIN STUDY OF
LEGISLATION TAXING BANANA EXPORTS.

6. PR CONGRESSMAN JOSE LUIS CRUZ SALAZAR, WHO WON
NAME FOR HIMSELF IN FIRST YEAR OF CONGRESS FOR
INVESTIGATIVE EFFORTS, ADDED TWO NEW TWISTS OVER
WEEKEND. HE CHARGED THAT (1) A \$300,000 STAMP TAX ON
THE TRANSFER OF TITLE TO UFCO LAND HAD NOT BEEN PAID,
AND (2) THAT CURRENCY EXPORT CONTROLS HAD BEEN LIFTED
JUST IN TIME FOR UFCO TO EXPORT THE 20.5 MILLION DOLLARS
PAID TO IT BY DEL MONTE. CRUZ CHARGED THAT REMOVAL OF
EXPORT CONTROLS HAD PREVENTED BANK OF GUATEMALA FROM
DISCOVERING NON-PAYMENT OF STAMP TAX.

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7. DEL MONTE'S JULY 17 CABLE TO MINECON PALOMO HAS SO
FAR RECEIVED NO OFFICIAL COMMENT. ATTORNEY GENERAL IS
CONTINUING HIS INVESTIGATION, HOWEVER, RECEIVING TESTI-
MONY FROM FORMER MINECON CARLOS MOLINA MENCOS AND OTHERS.
DEL MONTE HAS MEANWHILE SOUGHT TO BOLSTER ITS POSITION
IN GUATEMALA BY TAKING OUT FULL-PAGE ADS IN ALL
GUATEMALA CITY NEWSPAPERS. DEL MONTE CHARGES WSJ STORY
WAS "DELIBERATELY AND MALICIOUSLY TWISTED IN ITS

TRANSLATION" AND POINTED OUT THAT WSJ HAD NEVER ONCE CHARGED COMPANY WITH BRIBERY.

8. NEWSPAPER LA HORA HAS LED PRESS IN ITS CYNICAL EDITORIAL ASSESSMENT OF THE AFFAIR. PUBLISHER CLEMENTE MARROQUIN ROJAS COMMENTED THAT AS COMPARED TO THE HONDURANS, "WE DON'T SELL OURSELVES FOR VERY MUCH." MARROQUIN PREDICTED THAT "THE INVESTIGATION WILL COME TO NOTHING." ANOTHER JULY 16 EDITORIAL IN LA HORA REMARKED THAT "BRIBERY IS THE OIL WHICH LUBRICATES THE (GUATEMALAN) ADMINISTRATIVE MACHINERY, AND THANKS TO IT, BUREAUCRATS MAKE A SUPPLEMENT THAT 'ADJUSTS' THE SALARY THEY RECEIVE." DESPITE ITS CYNICAL VIEW OF THE CASE, LA HORA, ALONG WITH ALL OTHER PAPERS, CONTINUES TO SUPPORT GOVERNMENT(S EFFORT TO DISCOVER IDENTITY OF CONSULTANT.

9. THERE HAS BEEN NO PUBLIC MENTION SO FAR OF US RESPONSE TO HIGHLY PUBLICIZED GOG REQUEST FOR FURTHER INFORMATION ON WSJ STORY, DESPITE FONMIN'S VIEW THAT SUBSTANCE OF RESPONSE SHOULD BE MADE PUBLIC (GUATEMALA 3739).
MELOY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, BRIBERY, INVESTIGATIONS, SUBSIDIARIES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975GUATEM03792
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750251-1012
From: GUATEMALA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750737/aaaabhm.x.tel
Line Count: 138
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 GUATEMALA 3738
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 05 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 SEP 2003 by CunninFX>; APPROVED <25 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WSJ STORY ON DEL MONTE - PRESS COVERAGE
TAGS: PINT, EINV, GT, US, WALL STREET JOURNAL, DEL MONTE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006